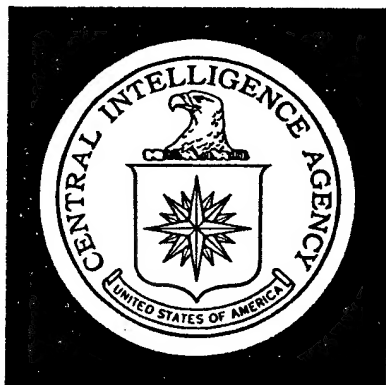


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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

*Foreign Shipping to North Vietnam
After Three Years of Rolling Thunder*

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Foreword

This memorandum describes the changes in foreign shipping to North Vietnam since the initiation of the Rolling Thunder program in early 1965. Changes in the volume and composition of North Vietnamese imports and exports by sea and in the role of Free World ships in carrying this trade are emphasized. The year 1964 is used as the basis of comparison. Because of rounding, components may not add to the totals shown. All tonnages are given in metric tons.

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
June 1968

INTELLIGENCE MEMORANDUM

Foreign Shipping to North Vietnam
After Three Years of Rolling Thunder

Summary

Since the beginning of the Rolling Thunder program in early 1965, North Vietnam's seaborne imports have more than doubled, exports have dwindled, and Free World ships have been largely replaced in the trade by Communist ships.

As the war in Vietnam intensified, North Vietnam's dependence on its Communist allies for material assistance increased significantly. Imports by sea rose from 690,000 metric tons in 1964 to 1,420,000 tons in 1967. During the first four months of 1968, imports were 14 percent higher than during the same period in 1967. The largest increase occurred in 1967 when domestic grain production had to be supplemented by heavy imports of rice from China and wheat flour from the USSR. Imports of petroleum and general and miscellaneous cargoes (including steel, machinery, vehicles, soft coal, and chemicals) reached record levels during early 1968. Deliveries from Communist countries currently account for 98 percent of total import tonnage, compared with 74 percent in 1964. No imports of arms or ammunition by sea have been detected.

Exports, which made up 69 percent of the tonnage of North Vietnam's seaborne trade in 1964, began dropping in 1965, fell off more in 1966 and

Note: This memorandum was produced solely by CIA. It was prepared by the Office of Economic Research and information on ship arrivals was coordinated with the Naval Intelligence Command.

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1967, and currently account for only 27 percent of total trade. The decline in exports is attributable almost entirely to the effects of the bombing program.

The combined effects of US diplomatic maneuvers, the lack of export cargoes, and the risks to ships and crews from the Rolling Thunder program caused many Free World ships to withdraw from the trade. Calls by Free World ships at North Vietnamese ports declined from 69 percent of total calls in 1964 to 20 percent in 1966 and 1967. However, Free World ship calls began to increase in 1968 and now account for about 27 percent of total calls.

The number of Free World countries participating in the trade also has been sharply reduced. In 1964, ships of 15 Free World countries sailed to North Vietnam. In 1966 and 1967, ships of only five Free World countries remained in the trade. Most of the calls by Free World ships during the last two years have been made by British-flag ships based in Hong Kong and owned by firms controlled by Communist China. These ships are engaged for the most part in carrying cargoes from China to North Vietnam.

As the role of Free World ships in the North Vietnam trade has diminished, the role of Communist ships has increased. Through 1966, Chinese vessels dominated the Communist shipping, but in 1967, Soviet ships made 181 calls, compared with 97 by Chinese ships. Soviet ships continue to predominate in 1968.

Since the end of US airstrikes north of the 20th Parallel, the pace of shipping to North Vietnam has quickened. The number of foreign ships calling at North Vietnamese ports in May was the highest since March 1965, and imports were at a record high level. A Japanese ship arrived in May, the first since March 1965. Turnaround time of ships in the port of Haiphong, which had averaged 28 days in March, dropped to 19 days in April, and to 14 days in May. Extensive dredging of the approaches to the port has been resumed after a lapse of two years. Extension and repair of the wharves has been continued.

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The increase in shipping activity probably will continue. Imports are expected to continue at a high level; as coal processing and handling facilities are restored, exports of coal should increase significantly.

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Changes in North Vietnam's Seaborne Trade

1. The volume of North Vietnam's seaborne trade has changed only slightly since 1964. It increased slightly in 1965, decreased in both 1966 and 1967, and is on the upswing in 1968. The composition of the trade, however, has changed drastically. Imports have more than doubled during the period, while exports have dropped to less than 40 percent of the 1964 level, as shown in the following tabulation:

	1964		1965		1966		1967		Jan-Apr 1968	
	Mil-lion Tons	Per-cent	Mil-lion Tons	Per-cent	Mil-lion Tons	Per-cent	Mil-lion Tons	Per-cent	Mil-lion Tons	Per-cent
Total sea-borne trade	2.3	100	2.5	100	2.2	100	2.0	100	0.8	100
Exports	1.6	69	1.7	67	1.2	53	0.6	29	0.2	27
Imports	0.7	31	0.8	33	1.0	47	1.4	71	0.6	73

Contraction of Exports

2. North Vietnam's exports by sea actually increased in 1965 as various foreign aid projects began to show results. Exports would have been larger, however, if airstrikes in July had not interdicted the Hanoi - Lao Cai rail line and rendered further exports of apatite impractical. In 1966, exports decreased substantially, as shown in the tabulation below, because of the virtual absence of apatite exports and a reduction in coal exports, both of which were due to the effect of US airstrikes:

	Thousand Tons				
	1964	1965	1966	1967	Jan-Apr 1968
Total exports	1,560	1,710	1,170	570	226
Coal	950	1,150	940	430	206
Apatite	340	320	10	Negl.	Negl.
Cement	140	80	100	30	Negl.
Pig iron	40	50	40	20	Negl.
Miscellaneous and general cargo	90	120	80	80	20

3. The slightly larger decline in exports in 1967 was due mostly to the sharp drop in coal exports, which resulted from heavy US airstrikes on powerplants and facilities for the transportation processing, and dockside loading of coal. Cement exports also declined as the result of airstrikes in April 1967 that made North Vietnam's only major cement plant inoperable. Exports of pig iron ceased

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after airstrikes in 1967 on the Thai Nguyen metallurgical plant.

Expansion of Imports

4. During the three years of Rolling Thunder, seaborne imports to North Vietnam have more than doubled, increasing 23 percent in 1965, 21 percent in 1966, and 38 percent in 1967. Imports during the first four months of 1968 were 14 percent above the very high level of January-April 1967. As shown in the tabulation below, imports from Communist countries increased from 74 percent of total imports in 1964 to 98 percent of total imports in early 1968:

	1964		1965		1966		1967		Jan-Apr 1968	
	Thou-sand Tons	Per-cent	Thou-sand Tons	Per-cent	Thou-sand Tons	Per-cent	Thou-sand Tons	Per-cent	Thou-sand Tons	Per-cent
Total imports	690	100	850	100	1,030	100	1,420	100	610	100
From Communist countries	510	74	700	82	910	88	1,370	96	600	98
From Free World countries	170	25	150	18	120	12	50	4	10	2

5. The sharp increase in imports has resulted largely from increases in foodstuffs, petroleum, and miscellaneous and general cargoes. Imports in each of these categories during the first four months of 1968 were approximately equal to or higher than those for the entire year 1964, as shown in the following tabulation:

	1964		1965		1966		1967		Jan-Apr 1968	
	Thou-sand Tons	Per-cent	Thou-sand Tons	Per-cent	Thou-sand Tons	Per-cent	Thou-sand Tons	Per-cent	Thou-sand Tons	Per-cent
Total imports	690	100	850	100	1,030	100	1,420	100	610	100
Petroleum	140	20	170	20	200	19	250	17	147	24
Fertilizer	140	20	160	19	230	22	150	11	59	10
Foodstuffs	160	23	120	14	80	8	460	32	186	30
Timber	30	4	20	2	10	1	10	1	8	1
Miscellaneous and general	210	30	380	45	510	50	550	39	210	34

6. Within the general and miscellaneous category, imports of steel, industrial and construction equipment, vehicles, bituminous coal, and chemicals have been the most important. The dramatic increase in imports of food in 1967 after two successive years of decreases apparently was in response to poor harvests at the end of 1966 and during 1967 and diversions of labor from agriculture. These imports were mostly wheat flour from the Soviet Far East and rice from China.

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Imports of fertilizer have stayed at a relatively constant level since 1963, except for an unexplained surge in 1966. No seaborne imports of arms or ammunition have been detected.

7. The large increases in imports of petroleum have occurred despite the thorough bombing of petroleum storage facilities in mid-1966.

Reversed Roles for Communist and Free World Ships

8. The relative participation of Communist and Free World ships in the North Vietnamese trade has been reversed since the beginning of Rolling Thunder. In 1964, Free World ships made 69 percent of the calls by foreign ships at North Vietnamese ports. During 1965 and 1966, calls by Free World ships fell off sharply because of the effect of US bombing on the availability of export cargoes, crew morale, skyrocketing insurance and wage costs, and US diplomatic efforts to discourage participation in trade with North Vietnam. At the same time calls by Communist ships rose in order to handle increased imports from the USSR and Communist China. Communist ships steadily increased their dominance in the trade until early 1968, as shown in the following tabulation:

	1964		1965		1966		1967		Jan-Apr 1968	
	Num- ber	Per- cent	Num- ber	Per- cent	Num- ber	Per- cent	Num- ber	Per- cent	Num- ber	Per- cent
Total arrivals	580	100	530	100	379	100	386	100	158	100
Free World ships	402	69	256	48	74	20	78	20	43	27
Communist ships	178	31	274	52	305	80	308	80	115	73

The Withdrawal of Free World Vessels from the Trade

9. Since 1964, one Free World country after another has withdrawn its ships from trade with North Vietnam. Ships flying the flags of 15 Free World countries, led by those of the United Kingdom, made 402 arrivals at North Vietnamese ports in 1964. In 1967, there were only 78 such calls, and only five Free World flags were represented. The leading Free World participants in the trade during this period are shown in the following tabulation (and in greater detail in the table):

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	Number of Arrivals				
	1964	1965	1966	1967	Jan-Apr 1968
United Kingdom	177	136	50	67	36
Norway	43	29	0	0	0
Japan	74	37	0	0	0
Greece	35	28	7	0	0
Lebanon	20	9	0	1	1
Cyprus	0	3	12	5	2
Other	53	14	5	5	4
Total	402	256	74	78	43

10. Ships of five of the countries involved in the North Vietnam trade in 1964 -- West Germany, Sweden, Denmark, Finland, and Indonesia -- have not participated in the trade since then. Ships of six other countries -- Japan, the Netherlands, Norway, Panama, France,* and Liberia -- withdrew during 1965 and did not call in either 1966 or 1967. British-flag ships continued to make the most calls, but their number dropped because of the withdrawal during 1965 of all British-flag ships under the effective control of the British government. The British-flag ships remaining in the trade are based in Hong Kong and are owned by Chinese Communist-controlled firms. These ships are engaged almost exclusively in trade between China and North Vietnam. Japanese ships were withdrawn from the trade after March 1965 because of the reluctance of the Japanese seamen's union to expose its members to possible US bombing. Norwegian ships withdrew after November 1965 because of US diplomatic pressure. Cypriot and Maltese ships entered the trade for the first time in 1965 and continued to participate on a small scale in 1966 and 1967.

11. By 1966 the only Free World countries whose flags were still appearing in the North Vietnam trade were the United Kingdom, Greece, Italy, Cyprus, and Malta. Greek ships withdrew

* A French ship made a noncommercial call at Haiphong in 1966 to pick up bodies of French soldiers killed in the Indochina War.

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North Vietnam: Foreign-Flag Ship Arrivals, by Flag
1964-67 and January-April 1968

	1964	1965	1966	1967	Jan-Apr 1968
<i>Total arrivals</i>	580	530	379	386	158
Communist countries	178	274	305	308	115
USSR	48	79	122	181	72
Communist China	72	144	138	97	34
Eastern Europe	58	50	44	29	7
Cuba		1	1	1	2
Free World	402	256	74	78	43
United Kingdom	177	136	50	67	36
Japan	74	37			
Norway	43	29			
Greece	35	28	7		
Lebanon	20	9		1	1
Italy	11	1	1	2	1
Panama	12	1			
Netherlands	8	5			
West Germany	8				
Liberia	7	3			
Sweden	3				
Denmark	1				
Finland	1				
France	1	2			
Indonesia	1				
Cyprus		3	12	5	2
Malta		2	4	3	
Singapore					2
Unknown					1 a/

a. This vessel arrived at North Vietnam illegally flying the Cypriot flag.

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from the trade after June 1966. A Lebanese ship called in December 1967 for the first time since June 1965. A Singapore-flag ship called for the first time in March 1968, and a Japanese ship reappeared in the trade in May 1968.

12. The role of Free World ships in North Vietnamese trade also has been changed. In 1964 and 1965 they carried four times as many exports as imports. In 1967 they carried almost four times as many imports as exports. Actually the volume of imports carried by Free World ships has remained relatively stable, even though the number of Free World arrivals in 1967 was less than one-fifth that in 1964. The volume of exports carried by Free World ships in 1967, on the other hand, was less than one-tenth of the 1964 level.

Changes in Pattern of Communist Shipping

13. Soviet shipping accounted for almost two-thirds of Communist arrivals during the first four months of 1968. This is a sharp change from 1964 when Soviet ships made up only about one-fourth of Communist arrivals. The share of Chinese ships, which accounted for 40 percent of Communist arrivals in 1964, dropped to about 30 percent in 1967 and early 1968. Calls by Eastern European ships dropped steadily and in 1967 were only one-half of the 1964 level. Czechoslovak ships withdrew from the trade after June 1965. Eastern European ships accounted for only 6 percent of Communist arrivals during January-April 1968. The changes in Communist shipping to North Vietnam during this period are shown in the following tabulation:

	1964		1965		1966		1967		Jan-Apr 1968	
	Num-ber	Per-cent	Num-ber	Per-cent	Num-ber	Per-cent	Num-ber	Per-cent	Num-ber	Per-cent
Total Communist arrivals	178	100	274	100	305	100	308	100	115	100
USSR	48	27	79	29	122	40	181	59	72	63
Communist China	72	40	144	53	138	45	97	31	34	30
Eastern Europe	58	33	50	18	44	14	29	9	7	6
Cuba			1	Negl.	1	Negl.	1	Negl.	2	2

14. In addition to the change in volume of Soviet shipping to North Vietnam since 1964, there has been a great change in its character. In 1964, 64 percent of the Soviet dry cargo arrivals came from the Black Sea ports and only 31 percent came

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from the Soviet Far East. During January-April 1968, only 26 percent of Soviet dry cargo arrivals came from the Black Sea and 66 percent sailed from the Soviet Far East. This change occurred partly as a result of the closure of the Suez Canal and partly because of the very large increase in Soviet deliveries of bulk foodstuffs in 1967 and early 1968. The USSR has generally delivered foodstuffs to North Vietnam from ports in the Far East and fertilizer and general cargo from Black Sea ports.

15. The predominance of Soviet arrivals from the Far East diminishes considerably if measured in terms of gross tonnage. The ships sailing from the Black Sea are much larger than those from the Soviet Far East and despite their relatively small numbers continued to provide more than one-half of the aggregate gross tonnage of Soviet dry cargo ships calling at North Vietnamese ports in 1966 and 1967.

16. The tanker situation is different. Until the end of October 1966, almost all of the water-borne shipments of petroleum to North Vietnam originated in the Black Sea. Since then, most of the petroleum has been delivered from the Soviet Far East, directly or by way of Communist China. Direct deliveries normally are made regularly on small Soviet tankers and sporadically on larger tankers. Deliveries from China are made in Free World tankers. Occasional shipments have been made from the Black Sea even since the closure of the Suez Canal, but these are dwarfed by the shipments from the Soviet Far East.

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